

29 June 1955

SERVICES DIVISION

STATEMENT OF ACCOMPLISHMENTS AND OBJECTIVES

1. Accomplishments of the Services Division During FY 1955

In FY 55, the Services Division attained the major objectives outlined in paragraph 2 of last year's budget presentation. Accomplishments included:

- a. During FY 55, the Services Division gave up its responsibilities for research on Sino-Soviet Bloc domestic trade (along with two T/O slots) to the Industrial Division where a Consumers Industry Branch was created. As a result of the acquisition by the Economic Research Area of certain East-West trade research responsibilities formerly with the Coordination Area, two T/O slots were acquired. No major changes in either organization or responsibilities occurred in FY 55. The present organization appears to be adequately fulfilling its major responsibilities for research, coordination and support.
- b. During the year, seven percent of the time of the Division was devoted to training, mainly Russian language training. The remainder of the training included attendance at the BOC, Agency Orientation Courses, [REDACTED] orientation field trips, and courses at local universities. 25X1X7
- c. Considerable emphasis was placed on training and experience in the exploitation of particular important sources. Most Services Division analysts participated in training or gained further experience at a source development agency of the government during the year.
- d. During FY 55, the Services Division continued to guide the activities of three EIC Subcommittees, namely: Transportation, Trade, and Labor and Manpower. The Division also participated in the work of the Electronics and Telecommunications Subcommittee. These subcommittees have made substantial progress in defining priority gaps in intelligence research and in allocating specific responsibility for filling those gaps. In addition, EIC-PL-S4, "Communist China's Imports and Exports, 1954," was completed [REDACTED] and in terms of research hours expended, represented the largest single research project in the Division during the year. 25X1X7
- e. During the year, we have done a number of projects in support of DD/P activities. We have also submitted on our own initiative a large volume of requirements for information needed to fill priority gaps in our knowledge. DD/P response to these requirements has generally been excellent.

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- 25X1X7
- f. Greater emphasis was placed on the China area. This was accomplished, in part, through: (1) participation in the EIC-R1-S4 exercise; (2) discussions [REDACTED] on Sino-Soviet economic relations; (3) formation of a China Committee consisting of analysts from all D/S branches with appropriate area background and convening regularly on a seminar basis; (4) establishment of an informal working group to focus division support of the NIC in economic indications of hostile Chinese Communist intentions and capabilities in the Formosa Straits Area. 25X1X7
- g. The Services Division was responsible for the monitoring of two external research projects in FY 55: the Population and Manpower Project (Bureau of Census), and the Trade Between the Free World and the Sino-Soviet Bloc Project (Department of Commerce). Both of these projects proceeded satisfactorily and much valuable information was obtained.
- h. In FY 55, the Services Division has produced over 110 Current Support Memoranda to assist OCI in its reporting and interpretation of current events. A number of items submitted by us were referred to the Watch Committee. This work has also enabled us to focus our regular research work more directly on matters of current significance to US national security.
- i. During FY 55, the Services Division devoted a little over 40 percent of its time to research. During the year, the Division completed 75 Branch and Division projects and 36 contributions to Area-Wide projects. In addition, a considerable amount of research time was expended in unnumbered support to a variety of consumers.
- j. Recruitment actions were initiated on 22 professionals in anticipation of vacancies that are expected to materialize in FY 56.

2. Objectives of the Services Division for FY 1956

- a. The major objectives of this Division for FY 56 are the following:
- (1) To extend our program of basic all-source research to cover a large number of priority problems in our fields of assigned responsibility.
  - (2) To extend and improve our efforts to coordinate economic intelligence research through the mechanism of the EIC.
  - (3) To give full current intelligence support to OCI in our assigned fields of responsibility.
  - (4) To improve the competence of the analysts in languages needed in our research, and train new analysts in languages.

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- (5) To give advanced training to key members of the Division in the management of intelligence research.
- (6) To train selected analysts in economics and selected technical subjects related to their work.
- (7) To continue to support and guide intelligence collection agencies.

b. Specifically, the Division plans to concentrate on the following activities and problems in FY 56:

- (1) Training and experience in the exploitation of all-source intelligence.
- (2) The training of one or more analysts in prominent Eastern European languages (probably Czech).
- (3) A continuing examination of the organization, division of responsibilities, and managerial procedures of the Division toward general improvement.
- (4) The continuation and strengthening of the Division China Committee and China indications procedures.
- (5) The continuation of the Census and Commerce external research projects and an examination of these and other possible external projects toward more effective use of both internal and external facilities.
- (6) The major research problems to be attacked are:
  - (a) The Integration of the Economic Activities of the European Satellites with the USSR.
  - (b) Sino-Soviet Economic Relations.
  - (c) Economic Progress in Communist China.
  - (d) Requirements of the Soviet New Lands Program.
  - (e) Sino-Soviet Bloc Penetration of Underdeveloped Areas.

### 3. Outlook of the Services Division for FY 1957

The Services Division plans to emphasize the following activities in FY 57:

- a. Continued production of a large volume of original research on the economy

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of the Soviet Bloc as it affects the national security interests of the US.

- b. Continued full support for OGI in the production of current intelligence.
- c. Concentration of training on specific language, research, and managerial techniques still lacking after the more general training programs of past years.
- d. Wider use of consultants and external research.

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